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Alaskans Advised to Use Caution When Evaluating Marijuana Investments

October 25, 2018 ANCHORAGE—As marijuana business ventures become more prevalent, fraudsters may attempt to use this increased attention to convince Alaskans to invest in risky or fraudulent schemes. The Division of Banking and Securities recommends that Alaskans educate themselves about risks and potential scams before making any investments.

Some common investment scams include:

- *Reverse merger scams*: Promoters use a publicly traded company that has no assets or current operations to create a false sense of security and then unscrupulous brokers sell the stock to investors.
- *Pump and dump schemes*: Scammers use misinformation to pump up the price of a security and then dump their shares when the price gets high enough to turn a profit.
- *Jurisdiction-specific marijuana schemes*: Scammers make promises about insider information concerning a new law, encouraging investors to buy low and make huge profits when the law is enacted; in reality there may not be any new laws pending.
- *Crowdfunding schemes*: Unsolicited crowdfunding pitches that guarantee large returns with little or no risk are likely too good to be true. Even without any fraudulent intent, crowdfunding investments can be risky. Be an informed investor and refer to resources such as the [Intrastate Crowdfunding FAQs](#), which includes information for investors.

Before making any financial decisions, ask questions and do research. Protect yourself by carefully evaluating the merits of every investment to ensure it matches your investment objectives and risk tolerance. Consider consulting with a trusted investment professional before investing. Contact the Alaska Division of Banking and Securities at (907) 269-8140 or securities@alaska.gov to check whether the seller and investment are licensed and registered.

The Division of Banking and Securities is a division of the Department of Commerce, Community, and Economic Development tasked with protecting consumers in Alaska. For additional information about the division, visit commerce.alaska.gov/web/dbs/. For additional information about the Department of Commerce, Community, and Economic Development and its other agencies, please visit commerce.alaska.gov.

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